



Fuld & Company presents

“The Battle for China’s Smart Grid”

“Smart energy grids offer the greatest investment opportunity in the first half of the 21st century.”

(Jeffrey Immelt, General Electric Chairman)

“The smart grid will be 100 or 1000 times larger than the Internet.”

(John Chambers, Cisco Chairman)

6th Annual War Game National Championship

Yale v. Kellogg v. MIT v. Wharton

(Cisco v. General Electric v. IBM v. Siemens)



**Yale SCHOOL OF
MANAGEMENT**

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China’s Smart Grid Overview

As the race toward energy efficiency and a lower-carbon economy intensifies, China is positioning itself as a global leader in smart grid development and implementation. As the mainland's economy surges, so do its power needs. China is the No. 2 consumer of electricity after the U.S., using 3.4 trillion kilowatt-hours in 2008—double its usage just six years earlier. China’s energy needs are expected to double in 10 years; with that in mind, the country’s dominant power distribution company, State Grid Corp., said last year that it has set a goal of building a smart grid by 2020, initiating a monumental smart grid project. State Grid’s initiative will take enormous resources, with some analysts estimating that China will need to spend as much as \$10 billion a year through 2020 to build a modern grid.

When a giant nation with giant energy needs like China says it is going to smarten up its electric grid, U.S. technology companies should take note. Witness General Electric’s announcement that it is partnering with the City of Yangzhou, China, to build a smart grid “demonstration center” in the city of four million, with the goal of deploying some of the tested technologies within four years. Highlighting its interest in the country, IBM also recently moved its Energy & Utilities VP of Sales, Brad Gammons, from Texas to Beijing. Big Blue expects to generate a minimum of \$400 million in smart grid revenues in China over the next four years. Even the 50-year-old veteran marvels that “the scale and pace of how things move here is not something you experience anywhere else in the world.”

As the race for building out the smart grid ensues in the US, China, and around the world, leading vendors are also forming partnerships and alliances around platforms and standards. Cisco recently announced a new list of partners and products for its smart grid integration efforts, asserting itself as standards-setters amidst a sea of startups and utilities under pressure to standardize – and secure – as fast as possible. Siemens, who may already have the broadest collection of grid technologies, has recently entered into several partnerships with companies providing complementary products in order to “provide solutions across the entire energy conversion chain.” Siemens has set aggressive goals for itself: seven percent annual growth and a 20 percent market share in five years in global smart grid market.

What about the local Chinese competition? While a handful of Chinese outfits have ambitions in smart grids, most western firms do not appear to be worried about losing out to domestic rivals. So while Beijing may want to give



preference to Chinese-made tech gear, in smart grids there is not enough local expertise to meet the country's massive needs. Having local partners, however, could eventually become a necessity for U.S. firms. The Chinese government now requires that at least 70 percent of wind turbine components be sourced domestically in order to be eligible for use in projects in the country; a similar rule may eventually be required around the smart grid. Finally, will there be fallout from the recent Google dispute? With Washington pressing Beijing over Internet censorship, and Beijing countering with harsh press criticism of U.S. policy, Western firms face uncertainty, especially in sensitive sectors such as the Internet, media and telecommunications.

Which company will have the strategy, the offerings, and the Chinese presence to win in this high-stakes battle in the next decade? Join us in this no-holds-barred contest, as student teams from the country's leading business schools—MIT, Kellogg, Wharton, and Yale — take on the identities of executives from Cisco, GE, IBM, and Siemens — several of the behemoths vying for this market. Watch as these teams use their creativity and cunning to succeed in this complex marketplace.

Let the battle begin...

War Games - The Rules of Engagement

A strategy game is an enlightening and engaging analytical exercise that can lead to truly creative strategies. Here is how it will work:

Student teams from MIT, Kellogg, Wharton, and Yale will represent Cisco, GE, IBM, and Siemens. Working in breakout rooms, each team will create a picture of the company it represents and develop strategic options it expects to pursue. All teams will then reassemble, and each one will present its company's marketing strategy. The teams will have an opportunity to analyze and critique each other's strategies. In the process, each team will see that its strategy could be tweaked to overcome shortcomings revealed in the discussion.

Based on what each team learns about its own strategy and the likely strategies of its competitors, the teams will go back into breakout sessions, refine their strategies, and come back for a second round of presentations and critiques. The facilitators will then offer up a fictional but plausible surprise event for the teams to consider. The teams will repeat the process of developing their responses to the event. Now, though, the teams can talk to each other, if they wish, and negotiate deals. The teams will return again to the forum to present and critique each other's strategies.

Following each presentation, judges will rate team performance. Judges will add a final presentation score to the points already accumulated in previous rounds to award the winning team its prize of \$5,000, to be distributed among its members.

The Facilitators, Judges and Observers

Fuld & Company will facilitate the strategy game. The facilitators will ensure that all relevant competitive issues are brought out in the course of the game. The facilitators may also raise issues that might not otherwise have been considered by the various teams.

Fuld & Company has assembled judges drawn from academia and industry. The panel will not only judge the teams and award the prize it will also shape the surprise scenario. In the past, our judges and observers have come from leading industry trend watchers, as well as from multinational corporations from Europe and North America.

About Fuld & Company

Fuld & Company, a consultancy headquartered in the United States with European headquarters in London, is a global pioneer in competitive intelligence. Since 1979, Fuld & Company (www.fuld.com) has served over half the Fortune 500 and FTSE 100, providing research, analysis and consulting services. For more information, contact Kyra Baltzar, Fuld & Company, kbaltzar@fuld.com or +1 (617) 492-5900.